



FACT SHEET: President Trump's Executive Action Is Just Another Broken Promise That Puts The Interests of Wall Street Ahead Of Those of Working Americans

- *Wall Street has been using backdoor payments and hidden fees to take billions from Americans' retirement accounts.*
- *President Trump is trying to stop the Conflicts of Interest rule to require that financial advisers act in the best interests of regular Americans – not their own.*

Background: *The Presidential Memorandum on the Fiduciary Duty Rule directs the Department of Labor to examine the Conflicts of Interest (also called the fiduciary) rule for Retirement Investment Advice, with the possibility of rescinding or revising the rule. The memorandum states that the rule “may not be consistent with the policies of [Trump’s] Administration” and directs the Department of Labor to review the rule and propose a new one “rescinding or revising the Rule” if necessary. [Executive Order, [2/3/17](#)]*

Wall Street Has Been Using Backdoor Payments and Hidden Fees to Take Billions from Americans' Retirement Accounts

Working and middle class families lose \$17 billion every year to conflicted investment advice. Before the updated conflicts of interest rule required advisers to act in retirement customers' “best interest,” financial advisers backed by big banks were often paid more to talk Americans into risky or inappropriate retirement investments that weren't necessarily the best choice for that retirement saver. These kickbacks to advisers for advising customers into these investments added up for retirement savers. Every year, Americans have lost tens of thousands of dollars in their retirement savings, which adds up to \$17 billion in losses annually for working and middle-class families. [White House, [2/23/15](#)]

- **The fees can cut retiree savings by 25%.** A Council of Economic Advisers report found that investors lose 1% every year due to conflicted advice. They said that over 35 years, this “1 percentage point lower return could reduce your savings by more than a quarter,” so that “instead of a \$10,000 retirement investment growing to more than \$38,000 over that period after adjusting for inflation, it would be just over \$27,500.” [CEA, [2/15](#); White House, [2/23/15](#)]

President Trump is Trying to Stop the Conflicts of Interest Rule to Require That Financial Advisers Act in the Best Interests of Regular Americans – Not the Big Banks

The Department of Labor’s “conflicts of interest” rule requires that financial advisers act in the best interests of their clients. Under current law, certain financial advisers were not required to work under a fiduciary standard requiring them to put their clients’ interests first when providing investment advice. This is largely due to changes in the retirement landscape since ERISA was enacted in 1974 – a time when most Americans had a pension, not a 401(k) and professionals were in charge of managing those retirement investments. Now retirement is a do-it-yourself project and the Obama Administration modernized the rules to reflect this reality. This Obama Administration rule would ensure that the well-being of Americans comes first when it comes to financial advice. [White House, [2/23/17](#)]

Americans don’t know that they’re being taken advantage of. About half (47%) of Americans mistakenly believe that financial advisers must *already* “put their clients’ interest first when it comes to retirement.” [Financial Engines, [3/16](#)]

There is broad support for the “best interest” standard:

- 93% of Americans agree that it’s important that advisers put their clients’ interests first. 77% support legally requiring advisers to act in their clients’ best interests. [Financial Engines, [3/16](#)]
- The Financial Planning Coalition, representing over 80,000 financial planning professionals, issued a statement opposing President Trump’s order, saying that it will lead to “a complete gutting” of the rule which has been “thoroughly vetted” or its “outright demise.” [Financial Planning Coalition, [2/3/17](#)]

President Trump is Breaking His Promise to Work for Main Street, Not Wall Street

President Trump promised to work for Main Street, not Wall Street. As a candidate, Trump said that he would “do what’s right for the people [...] not for a Wall Street firm.” As President, Trump is putting the interests Wall Street squarely in front of the interests of Main Street by delaying or repealing the conflicts of interest rule. [President Trump’s Broken Promises, [2/13/17](#)]

But now President Trump is giving Wall Street a helping hand to stop a rule they’ve spent millions lobbying against and have unsuccessfully fought in court. The financial industry spent almost \$10 million lobbying against the rule in the first half of 2016 alone. The industry successfully lobbied to stop an earlier version of this rule and they have filed at least six lawsuits against the Department of Labor to stay or invalidate the final rule. Three courts have upheld the regulation and the latest decision noted that “the DOL adequately weighed the monetary and non-monetary costs on the industry of complying with the rules, against the benefits to consumers [and i]n doing so, the DOL conducted a reasonable cost-benefit analysis.” [Investment News, [4/5/16](#), [7/25/16](#), [11/30/16](#); NAPA-Net, [2/9/17](#); Reuters, [2/8/17](#)]